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For the Vice President's Meeting and Dinner

With PRC Vice Premier Tian Jiyun

U.S. - China Relations

-- Please convey my best wishes to Chairman Deng. I served as Chief of the US Liaison Office in Beijing during Deng's comeback as Vice Premier before Zhou Enlai's death and regard him with enormous respect and affection.

-- Having long been involved in the development of the relationship with China, I attach particular importance to sound US-China relations. I believe a strong, friendly US-China relationship is critical to peace and stability in East Asia and throughout the world.

-- Through our attention to the relationship, we have built durable, vigorous ties able to withstand periodic differences. Consultations such as yours with US leaders help us both to cooperate more effectively to advance joint goals and to resolve differences in ways that will strengthen our overall relationship.

Bilateral Economic Relations

-- You and Secretary Verity are co-chairing the meeting of our Joint Commission on Commerce and Trade, which is an important occasion for review of the practical issues that arise in our bilateral economic relations.

-- Our trade has grown dramatically, as has U.S. direct investment in China. You will be meeting with a broad cross-section of U.S. businessmen who see potential for even greater cooperation. It will be important for the success of your mission that you be able to persuade them that the Chinese market offers a fair predictable return on their investment.

-- I am encouraged by your new government's commitment to accelerate China's opening to the outside world. Introducing comprehensive market-oriented reforms of your foreign trade and investment systems will greatly stimulate the capital and technology flows that China needs.

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-- I know that you will be describing these reform plans to businessmen here and in New York, Minneapolis, and Los Angeles. At the same time, many of these businessmen have accumulated considerable experience in the China market, and I hope that you will elicit their views on how China can improve conditions for foreign trade and investment.

US-Soviet Relations/Summit/Regional Issues

-- President Reagan will visit the Soviet Union May 27-June 2 for talks with General Secretary Gorbachev.

-- Our pursuit of improved relations with the Soviet Union is guided by principles of strength, realism, and dialogue. We closely follow Gorbachev's domestic reform program, and wish him well. But the US and others must formulate policy based on pragmatic assessment of our own best interests and enduring realities.

-- We have signed an INF Treaty with the Soviets and agreed to serve as guarantors of a settlement in Afghanistan. These are important achievements. But we still have some distance to go before we can achieve an agreement limiting strategic arms, and other areas of regional conflict or rivalry, including Cambodia, remain unresolved.

-- Sino-American cooperation has been important in bringing about an agreement in Afghanistan, and we are working toward the goal of Vietnamese withdrawal from Cambodia. Another area where we can work together is Korea.

-- We have a mutual interest in assuring peace and stability on the Korean peninsula, and in creating a safe, secure environment for the Olympics. We hope you can encourage the North Korean leadership toward policies which will promote these objectives. We also hope you will continue to expand your own relationship with South Korea.

Chinese Missile Sales

-- China's sale of intermediate range ballistic missiles to Saudi Arabia has caused deep concern in the US.

-- We appreciate China's assurances that the warheads provided are non-nuclear. Nonetheless, we believe there is a danger to international stability inherent in the proliferation of missile technology and missile delivery systems.

-- I wish to stress that our concerns about the dangers are not limited to this particular sale, or to the Middle East. This is a global problem, requiring the attention of all countries possessing missile technology, including the US and China.

-- We look forward to discussing with China how we and other nations can deal with the dangers posed by proliferation of missile systems and technologies in our diplomatic and military dialogue.

Taiwan (if raised)

-- Our policy is firmly based on the principle of one China.

-- We welcome the interchanges that have taken place between you and Taiwan over the past year. We hope this process will continue in a climate of relaxed tensions. We will continue to seek to foster such a climate.

Technology Transfer (if raised)

-- During the last few years, the United States has progressively liberalized regulations for the transfer of dual-use technology to China. This has contributed to China's modernization and the growth of our bilateral trade, and we are committed to further liberalization.

-- As we informed Foreign Minister Wu during his visit in March, we have resumed consideration of further liberalization steps and expect to submit a proposal to COCOM in the near future.

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